

House File 748 - Introduced

HOUSE FILE _____
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HF 339)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing for the establishment of small wind innovation
2 zones, providing for the applicability of tax credits, and
3 including effective and retroactive applicability date
4 provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1348HV 83
7 rn/nh/8

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1 1 Section 1. NEW SECTION. 476.48 SMALL WIND INNOVATION
1 2 ZONE PROGRAM.
1 3 1. DEFINITIONS. For purposes of this section, unless the
1 4 context otherwise requires:
1 5 a. "Electric utility" means a public utility that
1 6 furnishes electricity to the public for compensation and which
1 7 enters into a model interconnection agreement with the owner
1 8 of a small wind energy system as provided in subsection 4.
1 9 b. "Small wind energy system" means a wind energy
1 10 conversion system that collects and converts wind into energy
1 11 to generate electricity which has a nameplate generating
1 12 capacity of one hundred kilowatts or less.
1 13 c. "Small wind innovation zone" means a political
1 14 subdivision of this state, including but not limited to a
1 15 city, county, township, school district, community college,
1 16 area education agency, institution under the control of the
1 17 state board of regents, or any other local commission,
1 18 association, or tribal council which adopts, or is encompassed
1 19 within a local government which adopts, the model ordinance as
1 20 provided in subsection 3.
1 21 2. PROGRAM ESTABLISHED.
1 22 a. The utilities division shall establish and administer a
1 23 small wind innovation zone program to optimize local,
1 24 regional, and state benefits from wind energy and to
1 25 facilitate and expedite interconnection of small wind energy
1 26 systems with electric utilities throughout this state.
1 27 Pursuant to the program, the owner of a small wind energy
1 28 system located within a small wind innovation zone desiring to
1 29 interconnect with an electric utility shall benefit from a
1 30 streamlined application process, may utilize a model
1 31 interconnection agreement, and can qualify under a model
1 32 ordinance.
1 33 b. A political subdivision seeking to be designated a
1 34 small wind innovation zone shall apply to the division upon a
1 35 form developed by the division. The division shall approve an
2 1 application which documents that the applicable local
2 2 government has adopted the model ordinance or is in the
2 3 process of amending an existing zoning ordinance to comply
2 4 with the model ordinance and that an electric utility
2 5 operating within the political subdivision has agreed to
2 6 utilize the model interconnection agreement to contract with
2 7 the small wind energy system owners who agree to its terms.
2 8 3. MODEL ORDINANCE. The Iowa league of cities, the Iowa
2 9 association of counties, the Iowa environmental council, the
2 10 Iowa wind energy association, and representatives from the
2 11 utility industry shall consult and develop a model ordinance
2 12 to be offered on both the Iowa league of cities' and the Iowa
2 13 association of counties' internet sites and made available for
2 14 use by a local government which constitutes or encompasses a
2 15 political subdivision that is applying for designation as a
2 16 small wind innovation zone. A local government adopting the

2 17 model ordinance shall establish an expedited approval process
2 18 with regard to small wind energy systems in compliance with
2 19 the ordinance in order to qualify as a small wind innovation
2 20 zone.

2 21 4. MODEL INTERCONNECTION AGREEMENT. The utilities board
2 22 shall develop a model interconnection agreement by June 1,
2 23 2010, for utilization within a small wind innovation zone by
2 24 the owner of a small wind energy system seeking to
2 25 interconnect with an electric utility. The interconnection
2 26 agreement shall ensure that the energy produced can be safely
2 27 interconnected with the utility without causing any adverse or
2 28 unsafe consequences and is consistent with the electric
2 29 utility's resource needs. The board shall establish by rule
2 30 procedures for modification of the model interconnection
2 31 agreement upon mutually agreeable terms and conditions in
2 32 unique or unusual circumstances, subject to board approval.
2 33 Electric utilities shall consider adopting the model
2 34 interconnection agreement.

2 35 5. TAX CREDIT INCENTIVES. The owner of a small wind
3 1 energy system operating within a small wind innovation zone
3 2 shall qualify for the wind energy production tax credit
3 3 pursuant to chapter 476B, subject to section 476B.5,
3 4 subsection 4.

3 5 6. REPORTING REQUIREMENTS. The division shall prepare a
3 6 report summarizing the number of applications received from
3 7 political subdivisions seeking to be designated a small wind
3 8 innovation zone, the number of applications granted, the
3 9 number of small wind energy systems generating electricity
3 10 within each small wind innovation zone, and the amount of wind
3 11 energy produced, and shall submit the report to the members of
3 12 the general assembly by January 1 annually.

3 13 Sec. 2. Section 476B.5, Code 2009, is amended by adding
3 14 the following new subsection:

3 15 NEW SUBSECTION. 2A. Notwithstanding any provision of this
3 16 chapter to the contrary, a small wind energy system operating
3 17 within a small wind innovation zone as provided in section
3 18 476.48 shall be approved as a qualified facility. The board
3 19 shall by rule establish a streamlined application process
3 20 applicable for small wind innovation zone applicants.

3 21 Sec. 3. Section 476B.5, subsection 4, Code 2009, is
3 22 amended to read as follows:

3 23 4. The maximum amount of nameplate generating capacity of
3 24 all qualified facilities the board may find eligible under
3 25 this chapter shall not exceed four hundred fifty megawatts of
3 26 nameplate generating capacity. Fifty percent of the maximum
3 27 amount of nameplate generating capacity remaining unallocated
3 28 on the effective date of this Act shall be reserved for
3 29 issuance of tax credit certificates to small wind energy
3 30 systems operating within a small wind innovation zone pursuant
3 31 to section 476.48.

3 32 Sec. 4. Section 476B.6, subsection 1, Code 2009, is
3 33 amended to read as follows:

3 34 1. a. To be eligible to receive the wind energy
3 35 production tax credit, the owner must first receive approval
4 1 of the board of supervisors of the county in which the
4 2 qualified facility is located. The application for approval
4 3 may be submitted prior to commencement of the construction of
4 4 the qualified facility but shall be submitted no later than
4 5 the close of the owner's first taxable year for which the
4 6 credit is to be applied for. The application must contain the
4 7 owner's name and address, the address of the qualified
4 8 facility, and the dates of the owner's first and last taxable
4 9 years for which the credit will be applied for. Within
4 10 forty-five days of the receipt of the application for
4 11 approval, the board of supervisors shall either approve or
4 12 disapprove the application. After the forty-five-day limit,
4 13 the application is deemed to be approved. This paragraph
4 14 shall not apply to a small wind energy system operating within
4 15 a small wind innovation zone pursuant to section 476.48.

4 16 b. Upon approval of the application, or if the owner
4 17 operates a small wind energy system within a small wind
4 18 innovation zone pursuant to section 476.48, the owner may
4 19 apply for the tax credit as provided in subsection 2. In
4 20 addition, approval of the application, or applying for the tax
4 21 credit if the owner operates a small wind energy system within
4 22 a small wind innovation zone, is acceptance by the applicant
4 23 for the assessment of the qualified facility for property tax
4 24 purposes for a period of twelve years and approval by the
4 25 board of supervisors for the payment of the property taxes
4 26 levied on the qualified property to the state. For purposes
4 27 of property taxation, the qualified facility shall be

4 28 centrally assessed and shall be exempt from any replacement
4 29 tax under section 437A.6 for the period during which the
4 30 facility is subject to property taxation. The property taxes
4 31 to be paid to the state are those property taxes which make up
4 32 the consolidated tax levied on the qualified facility and
4 33 which are due and payable in the twelve-year period beginning
4 34 with the first fiscal year beginning on or after the end of
4 35 the owner's first taxable year for which the credit is applied
5 1 for. Upon approval of the application, or notification by the
5 2 board to the county board of supervisors of a tax credit
5 3 application in the case of a small wind energy system, the
5 4 board of supervisors shall notify the county treasurer to
5 5 state on the tax statement which lists the taxes on the
5 6 qualified facility that the amount of the property taxes shall
5 7 be paid to the department. Payment of the designated property
5 8 taxes to the department shall be in the same manner as
5 9 required for the payment of regular property taxes and failure
5 10 to pay designated property taxes to the department shall be
5 11 treated the same as failure to pay property taxes to the
5 12 county treasurer.
5 13 c. Once the owner of the qualified facility receives
5 14 approval under paragraph "a", if required, subsequent approval
5 15 under paragraph "a" is not required for the same qualified
5 16 facility for subsequent taxable years.
5 17 Sec. 5. EFFECTIVE AND APPLICABILITY DATES. This Act,
5 18 being deemed of immediate importance, takes effect upon
5 19 enactment and applies retroactively to tax years beginning on
5 20 or after January 1, 2009.

5 21 EXPLANATION

5 22 This bill establishes a small wind innovation zone program,
5 23 to be administered by the utilities division of the department
5 24 of commerce, with the objective to optimize local, regional,
5 25 and state benefits from wind energy and to facilitate and
5 26 expedite interconnection of small wind energy systems with
5 27 electric utilities throughout this state. Pursuant to the
5 28 program, the bill provides that an owner of a small wind
5 29 energy system located within a small wind innovation zone
5 30 desiring to interconnect with an electric utility shall
5 31 benefit from a streamlined application process, may utilize a
5 32 model interconnection agreement, and can qualify under a model
5 33 ordinance.

5 34 The bill defines a "small wind energy system" as a wind
5 35 energy conversion system that collects and converts wind into
6 1 energy to generate electricity which has a nameplate
6 2 generating capacity of less than or equal to 100 kilowatts.
6 3 The bill defines a "small wind innovation zone" as a political
6 4 subdivision of this state, including but not limited to a
6 5 city, county, township, school district, community college,
6 6 area education agency, institution under the control of the
6 7 state board of regents, or any other local commission,
6 8 association, or tribal council which adopts, or is encompassed
6 9 within a local government which adopts, a model ordinance.

6 10 The bill states that a model ordinance applicable to small
6 11 wind innovation zones shall be developed by specified
6 12 associations and entities. A local government adopting the
6 13 model ordinance is required to establish an expedited approval
6 14 process with regard to small wind energy systems in compliance
6 15 with the ordinance, or to modify preexisting zoning provisions
6 16 or restrictions which differ from the model ordinance to
6 17 conform with the model ordinance prior to the granting of
6 18 board approval for a political subdivision to qualify as a
6 19 small wind innovation zone.

6 20 The bill directs the Iowa utilities board to develop a
6 21 model interconnection agreement by June 1, 2010, for
6 22 utilization within a small wind innovation zone by the owner
6 23 of a small wind energy system seeking to interconnect with an
6 24 electric utility. The bill further directs the board to
6 25 establish by rule procedures for modification of the model
6 26 interconnection agreement upon mutually agreeable terms and
6 27 conditions in unique or unusual circumstances, subject to
6 28 board approval. Electric utilities are directed to consider
6 29 adopting the model agreement.

6 30 The bill establishes annual reporting requirements
6 31 applicable to the division with regard to the program. The
6 32 bill also provides a tax credit incentive for small wind
6 33 energy system owners by reserving 50 percent of the nameplate
6 34 generating capacity remaining unallocated with respect to the
6 35 wind energy production tax credit on the bill's effective date
7 1 for issuance of tax credit certificates to small wind energy
7 2 systems operating within a small wind innovation zone. The
7 3 bill provides that a small wind energy system operating within

7 4 a small wind innovation zone shall be approved as a qualified
7 5 facility for purposes of tax credit eligibility, and that the
7 6 board shall by rule establish a streamlined application
7 7 process applicable for small wind innovation zone applicants.
7 8 The bill makes other conforming changes to Code chapter 476B
7 9 consistent with small wind energy system qualification for the
7 10 wind energy tax credit.
7 11 The bill takes effect upon enactment and applies
7 12 retroactively to tax years beginning on or after January 1,
7 13 2009.
7 14 LSB 1348HV 83
7 15 rn/nh/8